

## Message Text

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2953

INFO AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

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E.O. 11652: N/A

TAGS: PGOV, PINT, UK

SUBJECT: GOVERNMENT ANNOUNCES SALARY INCREASES FOR MPS:  
BACKBENCHERS UNHAPPY

REF: LONDON 10286

SUMMARY - WILSON GOVERNMENT JULY 16 ANNOUNCED 28 PERCENT SALARY INCREASE FOR MEMBERS OF PARLIAMENT, TOGETHER WITH SUBSTANTIALLY INCREASED ALLOWANCES. PACKAGE, HOWEVER, WAS FAR SHORT OF 78 PERCENT SALARY RAISE RECOMMENDED BY BOYLE COMMISSION AND DREW STRONG CRITICISM FROM BACKBENCHERS OF BOTH MAJOR PARTIES. FINAL SETTLEMENT MUST BE APPROVED BY HOUSE OF COMMONS. AND SOME DISSIDENT ELEMENTS ARE EXPECTED TO INTRODUCE AN AMENDMENT TO RAISE SALARIES FURTHER: THEIR PROSPECTS FOR SUCCESS ARE MINIMAL. END SUMMARY.

1. LEADER OF THE HOUSE EDWARD SHORT JULY 16 ANNOUNCED THAT GOVERNMENT PROPOSES TO INCREASE MPS SALARIES FROM 4500 POUNDS PER ANNUM TO 5750 POUNDS, AN INCREASE OF 28 PERCENT. THIS RAISE COMPARES VERY UNFAVORABLY WITH 3500  
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POUND INCREASE (78 PERCENT) RECOMMENDED BY BOYLE COMMIS-

SION TO GIVE MPS PARITY AFTER A THREE AND HALF YEAR PAY FREEZE (LAST PAY INCREASE WAS JANUARY 1972). ACCORDING TO SHORT, MPS WERE BEING ASKED TO MAKE "VERY HEAVY SACRIFICE" IN NATIONAL INTEREST, ACCEPTING A LITTLE MORE THAN A THIRD OF RECOMMENDED RAISE. GOVERNMENT ALSO RECOMMENDED INCREASED SECRETARIAL ALLOWANCE (82 PERCENT), GENERAL EXPENSES ALLOWANCE (30 PERCENT), AND TRAVEL ALLOWANCES FOR MPS. GOVERNMENT ALSO SUGGESTED THAT MPS' SALARIES BE LINKED TO THOSE OF CIVIL SERVICE, AN INITIATIVE REJECTED BY BOYLE COMMISSION, IN ORDER TO PRECLUDE RECURRENCE OF SIMILAR SITUATION IN FUTURE.

2. PARALLELING REQUESTED "SACRIFICE" ON PART OF MPS, CABINET MINISTERS WILL BE FOREGOING BOYLE-RECOMMENDED INCREASES OF 5,000 POUNDS, WHILE JUNIOR MINISTERS WILL RECEIVE 700 POUNDS OF RECOMMENDED 3,000 POUND INCREASE.

3. NOT UNEXPECTEDLY, REACTION FROM BACKBENCHES ON BOTH SIDES OF AISLE WAS UNENTHUSIASTIC. LARGE NUMBER OF LABOR AND TORY MPS ATTACKED GOVERNMENT'S PROPOSALS AS INADEQUATE AND INDICATED THEIR INTENTION TO SEEK FURTHER PAY INCREASES WHEN GOVERNMENT BILL REACHES FLOOR OF HOUSE. A SMALL, BIPARTISAN GROUP OF MPS, HOWEVER, QUESTIONED THE WISDOM AND MORALITY OF SUCH SUBSTANTIAL PAY INCREASES AT THIS TIME.

4. COMMENT: DESPITE THIS DISSENT, WHICH HAS RECEIVED VERY HEAVY MEDIA PLAY, THE GREAT MAJORITY OF MPS ON BOTH SIDES OF THE HOUSE WILL UNDOUBTEDLY SUPPORT THE GOVERNMENT'S PROPOSALS, ALBEIT WITH A GRUMBLE ABOUT THE INEQUITY OF IT ALL. WHILE THERE IS NO DOUBT THAT THE GOVERNMENT'S PROPOSED AWARD REPRESENTS A VERY REAL SACRIFICE FOR MPS IN TERMS OF SIMPLE EQUITY, IT WILL NOT BE PERCEIVED IN THAT WAY. INDEED, LEFT-WING MINER LEADER ARTHUR SCARGILL HAS ALREADY BEEN QUOTED AS CRITICISING THE PROPOSAL, AND TOP EXECUTIVES OF GOVERNMENT-OWNED ENTERPRISES HAVE RE-NEWED THEIR DEMANDS FOR SALARY INCREASES, CITING THIS PRECEDENT.

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